City of San José

Housing Market Update

Q3 2015

Domain Apartments San José CA – 444 Units; Largest project in the nation with pre-manufactured modular units
Q3 2015 San José Housing Market

- San José is the third most expensive rental market and the second most expensive homeownership market in the nation \(^1\)
- To date San José has met 3% of its annual affordable housing RHNA goal and 81% of its market-rate RHNA goal \(^2\)
- Rents continue to set records, growing 11% year over year (YoY)
- Renters must earn $54/hour ($112,520/year) to afford the average rent for a two bedroom, two-bath apartment \(^3\)
- Median single-family home prices remain high, up 14% YoY

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\(^1\) Based on NHC Report Paycheck to Paycheck 2015 - http://www2.nhc.org/chp/p2p/
\(^2\) San José’s Regional Housing Needs Allocation (RHNA) January 2014 – October 2022 is 35,080 units; annualized goal is 3,987 units assuming an 8.8 year RHNA cycle
\(^3\) Based on Q3 2015 realAnswers average rents, income calculation assumes rents are 30% of income, 40 hour work week, and a single income household
2015 Multi-Family Permit Activity Trends Low Compared to 2014

SOURCE: City of San José Housing Department, Q3 2015
Average Rent Up 3% Quarterly and 11% YoY

SOURCE: realAnswers – Q3 2015 - Data only includes rental projects with 50 apartments or more
San José Housing Market Update: Q3 2015

SJ Vacancy Rate Rises From 4.7% in Q2 to 6.3% in Q3 2015, Above the “Natural” Rate

SOURCE: realAnswers Data Q3, 2015 – Data only includes rental projects with 50 apartments or more
## Rents in Some Areas Trend Higher than Average Citywide Rents

<table>
<thead>
<tr>
<th>Project</th>
<th>1BR</th>
<th>2BR</th>
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<tbody>
<tr>
<td>Average Citywide Rents (Q3 2015 realAnswers)</td>
<td>$2,257</td>
<td>$2,813</td>
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<tr>
<td>Crescent Village (North SJ)</td>
<td>$2,595 - $3,275</td>
<td>$3,010 - $4,070</td>
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<tr>
<td>North Park (North SJ)</td>
<td>$2,445 - $4,060</td>
<td>$2,890 - $3,635</td>
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<td>One South Market (Downtown SJ)</td>
<td>$2,600 - $2,887</td>
<td>$3,213 - $8,831</td>
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<td>101 San Fernando (Downtown SJ)</td>
<td>$2,296 - $2,632</td>
<td>$3,044 - $4,291</td>
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<tr>
<td>Ascent Apartments (Edenvale SJ)</td>
<td>$2,380 - $2,669</td>
<td>$2,788 - $3,813</td>
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</tbody>
</table>

**SOURCE:** Zillow.com, Nov 4, 2015
Market Rents Significantly Out of Reach for Many San José Workers

SOURCE: Employment Development Department (EDD) – July 2015 Wages; Income to rent calculation assumes rent at 30% of income and a single income household
San José Housing Affordability Remains Low Relative to the Nation (6th least affordable)

Less than 1 out of 5 families in San José can afford a median priced home

% of Homes Affordable to Families Earning Median Income

Q1 92 Q1 94 Q1 96 Q1 98 Q1 00 Q1 02 Q1 04 Q1 06 Q1 08 Q1 10 Q1 12 Q1 14 Q1 16 Q1 18 Q1 20

San Jose, Sunnyvale, Santa Clara Metropolitan Area HOI National HOI

SOURCE: National Association of Home Builders, Housing Opportunity Index Q3 2015
Interest Rates Remain Low

SOURCE: Federal Reserve, Freddie Mac Primary Mortgage Market Survey, September 2015
Single-Family Median Home Prices Fall Slightly from Record Highs of Q2 2015, up 14% YoY

Median Single Family Home Price ($) vs. Time (Sep-04 to Sep-15)

SOURCE: Santa Clara County Association of Realtors, September 2015
Townhome/Condo Median Prices Drop 5% (SCC) and 17% (SJ) from Q2 2015 Record Highs

SOURCE: Santa Clara County Association of Realtors, September 2015
New Listings & Sales Down 12%, Total Listings Up 22% From Q2 2015

SOURCE: Santa Clara County Association of Realtors, MLS Listings September 2015
Days on Market Remains Low but Rises From Record Lows of Q2 2015

Days on the Market in San José

SOURCE: Santa Clara County Association of Realtors September 2015
Foreclosure Filings Stay Low, at Pre-Recession Levels

SOURCE: San José – PropertyRadar.com September 2015